

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SHELBY RECC FOR)	
THE AUTHORIZATION TO BORROW SEVEN)	
HUNDRED EIGHT-SEVEN THOUSAND SIX)	
HUNDRED TWENTY-NINE (\$787,629.00))	
DOLLARS FROM NATIONAL RURAL)	
UTILITIES COOPERATIVE FINANCE)	CASE NO. 91-451
CORPORATION, AND TO EXECUTE A NOTE)	
FOR SAID SUM; AND FOR A CERTIFI-)	
CATE OF PUBLIC CONVENIENCE AND)	
NECESSITY TO MAKE CERTAIN)	
EXTENSIONS AND IMPROVEMENTS TO ITS)	
SYSTEM)	

INTERIM ORDER

Shelby Rural Electric Cooperative Corporation ("Shelby") filed its application on December 20, 1991 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant, for approval to borrow \$787,629¹ from the National Rural Utilities Cooperative Corporation ("CFC"), and to execute its notes to secure such loan.

In support of its application, Shelby filed its 1991-1993 Work Plan, which describes in detail the improvements and additions to plant that are required over the next 2 years to

¹ The borrowing from CFC includes the purchase of capital term certificates, in an amount equal to 3 percent of the total CFC loan. CFC requires its borrowers to purchase these certificates. The purchases required of Shelby for this loan total \$23,629. The total amount of the REA and CFC loans equals \$2,547,000.

service its load. These improvements and additions are estimated to cost \$2,546,760 and will be financed by loans of \$1,783,000 from the Rural Electrification Administration ("REA") and of \$787,629 from CFC.

Shelby seeks authorization to construct extensions and additions to its plant as follows:

Conversions, Tie Lines, and Line Changes	\$ 111,010
Voltage Regulating Devices	66,600
Sectionalizing Devices	48,800
New Member Extensions	1,490,800
Increased Capacity of Existing Members	306,750
Security Lights	50,000
Pole Replacements	200,000
Conductor Replacements	207,200
Poles Added for Clearance	<u>65,600</u>
TOTAL	\$2,546,760

The proposed construction will enable Shelby to continue to provide adequate and dependable service to its customers. The system improvements recommended in this Work Plan will not duplicate existing facilities and are needed to correct voltage problems, provide for increased load growth, and improve service reliability.

Shelby has advised the Commission that REA and CFC have yet to issue final authorization for the proposed loans. Therefore,

the Commission will defer ruling on the proposed borrowing from CFC. Shelby should notify the Commission when it has received the requisite final loan approvals from REA and CFC. Its request for authorization to borrow from CFC will be considered at that time.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that public convenience and necessity require the construction by Shelby of the improvements and additions to its existing plant as described in its 1991-1993 Work Plan.

IT IS THEREFORE ORDERED that:

1. Shelby be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the construction and addition as set forth in its 1991-1993 Work Plan.

2. Shelby's application for authorization to borrow \$787,629 from CFC and to execute notes to secure such loan is continued generally.

3. Shelby shall inform the Commission every 60 days of the status of its loan from CFC until it receives final loan approval.

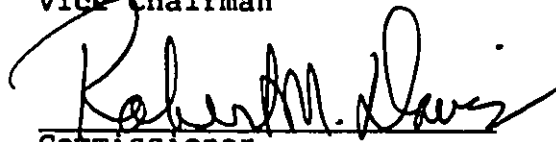
4. Within 10 days of its receipt of final loan approval, Shelby shall notify the Commission in writing of the final loan approvals received from REA and CFC.

Done at Frankfort, Kentucky, this 24th day of March, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director